Appendix B: Glossary

Acceptance Testing - The process of testing all components and system functionality to determine the system is ready for implementation. Acceptance testing includes: functional requirements testing, error condition destructive and stress testing, as well as regression testing to ensure testing deficiencies are resolved without creating new deficiencies.

Access Card - Generic term which refers to the physical card used to access a commercial or EBT card system. In the on-line EBT demonstrations, recipients use magnetic stripe cards at POS terminals or ATMs to access the system. In the off-line EBT demonstration, recipients will use integrated circuit (IC) cards (also called "smart cards") to access the system.

Account – A Food Stamp or cash account

Acquirers – Institution (or its agent) that initially receives transaction data from POS devices and routes to a switch or directly to the authorizing database operator.

Adjustment - A reversal message that corrects the value associated with the transaction to balance a terminal, acquirer, or intermediate network facility (INF). Trace elements that match the reversal message to the original financial transaction must be included in the adjustment transaction.

Advice - Message that notifies a party of an action that has already been taken and that, as a result, requires no approval.

American National Standards Institute (ANSI) - U.S. standards group responsible for issuing U.S. standards and maintaining consistency with similar international standards.

Authorization - Affirmative response by, or on behalf of, the issuing member to a request to permit a card or card account to be used in a transaction. No posting to an account occurs for an authorization.

Authorized Representative (AR) - The person designated by a food stamp household to receive an EBT card and purchase food items on behalf of the recipient.

Automated Clearing House (ACH) - The U. S. Treasury Federal Reserve process where financial transactions are electronically processed for settlement.

Automated Response Unit (ARU) - Computer peripheral that accepts data from touch-tone telephones and responds with synthesized voice commands and information. Used in an EBT system to provide balance information or to authorize manual transactions.

Automated Teller Machine (ATM) - Unattended terminal from which one or more banking transactions can be performed, including balance inquiries, cash deposits, cash withdrawals, transfers between accounts, and payments on loans and credit cards. Requires card access.

Balance Inquiry - A nonfinancial transaction that permits the cardholder to obtain the current balance of his or her account.

Bank Identification Number (BIN) - Set of numbers, as defined by the ABA and ISO, which appears in the primary account number and identifies one or more issuing members for purposes of interchange.

Case - A single unit receiving benefits from one or more programs through a single recipient account.

Clearing Account - Account maintained for the purposes of settlement and payment of fees.

Concentrator Bank - The financial entity that provides ACH services to accept funds for food stamp transactions from the Federal Reserve for settlement with individual retailer banks on a daily basis.

Data Encryption Standard (DES) - Standard for encrypting data to allow secure transmission of information between points. The Standard employs a 56 bit key, PIN and PAN with a Data Encryption Algorithm (DEA).

Design Phase - The phase of an EBT system life cycle in which functional specification and program requirements are identified and defined and compiled into a general system design.

Detailed System Design - A document that serves as the "blueprint" for: programming, functional demonstration and acceptance testing of the system and its components. It includes a detailed description of all system components, their interfaces, and the full range of functional specifications including: key entries, prompts, screen displays, edits, processing codes, error messages and report outputs.

Development Phase - The phase of an EBT system life cycle in which the system programming, functional demonstration and acceptance testing occur.

Electronic Benefit Transfer (EBT) - System that used electronic funds transfer, automated teller machines, and point-of-sale technology for the delivery and control of public assistance benefits.

Electronic Funds Transfer (EFT) - Any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, or computer or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account.

Electronic Funds Transfer System - System designed to facilitate the exchange of monetary value via electronic means. Objectives include expansion of time and location availability of basic financial services, and reduction of the present growth or paper volume (i.e., cash and checks).

Federal Reserve Bank - The central banking systems that regulates the supply of money. It includes twelve regional "bankers' banks," their branches, and all national and state banks that choose to be members.

Food and Nutrition Service (FNS) - The Food and Nutrition Service of the United States Department of Agriculture.

Food Stamp Program (FSP) - The government benefits program operated under the authority of Food Stamp Act of 1964, as amended.

Functional Demonstration - The process of demonstrating user interface with system components and the full range of system functionality. This process is a pre-requisite to acceptance testing.

Functional Requirements - Major elements of benefit issuance and redemption that must be provided by an EBT system. For the Food Stamp Program they include: 1) authorization of recipient benefits, 2) benefit delivery to recipients, 3) retailer and bank account settlement, 4) management of retailer participation, and 5) reconciliation and reporting.

General System Design - A combination of narrative and diagrams describing specific system architecture; overall logic flows and system functions; a description of equipment needed; a description or other resource requirements necessary to operate the system; performance requirements; and, a description of the environment in which the system will operate, including how the system will operate within the environment.

Implementation Phase - The phase of an EBT system life cycle where terminal deployment, recipient and retailer training and phased in implementation of the service population occur.

Industry Standards - Electronic Funds Transfer (EFT) operating rules which include American National Standards Institute (ANSI) and International Standards Organization (ISO).

Integrated Circuit (IC) Card - An access device which has an integrated circuit embedded in the card. Also known as a "chip card" or "smart card."

Interchange - Exchange of authorization requests, transaction records, or information between an acquirer and issuer through an intermediate network facility.

International Standards Institute (ISO) - Group responsible for coordinating international standards, including financial processing standards.

Issuer - Entity that issues the access device. A card issuer is the approver of a transaction - the entity that maintains the account relationship with the cardholder.

Issuer Identification - Consists of two fields within the Primary Account Number, major industry identifier and issuer identifier, to identify the card issuer.

Manual Food Stamp Transaction - An off-line Food Stamp Transaction.

Message - Set of data elements used to exchange information among institutions. No communications (header/trailer, protocol, or character code) or security specifications are assumed or identified.

Net Position - Value representing the amount due to or from a financial institution for transactions exchanged and processed during the day.

Off-line - An EBT system or transaction in which individual purchases are authorized without telecommunication between the POS device or ATM and a central data base. In an "off-line" EBT system, data on recipient account balance is maintained on the access card, and purchase authorization only requires contact between the card and local device.

On-line - An EBT system or transaction in which authorization of individual purchases requires telecommunication between the POS device or ATM and a central data base in which data on account balances is maintained.

Operations Phase - The point in an EBT system life cycle at which the system is fully operational (has achieved "roll-out" status) in terms of system components and project service population.

Personal Identification Number (PIN) - An alpha-numeric code selected by or assigned to the recipient and used to control access to individual accounts. The PIN must be entered on a key pad before any transaction can be processed.

PIN Offset - An encrypted version of the PIN. Usually encoded on the magnetic stripe of an access card. Allows PIN verification to be conducted at the point of entry provided appropriate information is available.

Point of Sale (POS) - Typically used to reference equipment (e.g., terminal, PIN pad and printer) deployed at a retail location and used to initiate the electronic debit of recipient accounts and credit to retailer accounts as a purchase is being made.

Presentment - Approval by issuer of authorization requests and settlement of that transaction.

Primary Account Number (PAN) - Number that identifies the issuer and specifies an individual account or hierarchy of accounts, includes name of issuer, account number(s), and Nod 10 check digit.

Prime Contractor - The entity with which a Government Entity contracts for the implementation, maintenance and operation of an EBT Program.

Processing Time - Typically, the amount of time required to complete an EBT purchase. In an on-line system, processing time includes several components: 1) time required to transmit messages over the telecommunications network; 2) time that messages spend in the system processing queue; and 3) time to actually process the message in the central computer.

Protective Payee - A person acting on behalf of a recipient to whom the CalWORKs payment is made in its entirety.

Receipt - In commercial networks, hard copy description of a transaction that took place at the POS, containing at minimum date, merchant name and location, primary account number, type of account accessed, amount, reference number, and an action code. In EBT systems, receipt must include balance remaining in the account after the current transaction has been processed.

Reconciliation - In commercial networks, a message generated by an acquirer, issuer, or INF which advises the receiver of settlement information regarding transactions processed between the sender and the receiver. In EBT systems, reconciliation generally refers to the entire process of ensuring that all system transactions have been processed accurately.

Settlement - Process by which funds (i.e., debits and credits) are transferred between any two processing points in the flow of an electronic financial transaction. These include: between financial institutions participating in the network; and, between the financial institution and the merchants for whom it acts as an acquirer or "sponsor."

Store and Forward - Function which occurs when the retailer POS terminal is unable to communicate with Contractor's host system. The transaction is stored at the retailer terminal until the EBT host system is available. The transaction is then forwarded and processed.

Surcharge - A fee added to a Transaction by an Acquirer, Terminal Operator or Merchant for a Transaction initiated at a Terminal.

System Certification - The point at which a system receives approval to move from the development to implementation phase.

Third Party Processor - A company, other than that with which the State has contracted, that drives and maintains retailer POS terminals, authorizes and processes transactions, and settles retailer accounts.